

To: Chairman John Hoffman and the Minnesota Senate Human Services Policy Committee

Subject: SF4399 Testimony to Sustain Special Minimum Wage provisions

From: James S Clapper, parent and co-founder of ATeam Minnesota

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This committee and the Minnesota Legislature have done some remarkable work over the last several years, in providing good policy and funding to protect, integrate, and develop people with Intellectual and Developmental Disabilities (ID/D) in Minnesota. I want to start my testimony by thanking you for this fine work. But there is much more work to be done and it is critical to maintain the choices people with ID/D have and not take away the employment option using Special Minimum Wages under the provisions of 14(c) of the Fair Labor and Standards Act. **SF4399 was amended to remove language that would have eliminated utilization of 14(c). This is great news, and I hope that the Human Services Omnibus bill will also keep 14(c) alive and well!**

Good policies are data driven, but the ongoing debate about the utilization of Special Minimum Wages (SMW) in Minnesota does not include much in terms of good data. This leaves the Human Services Policy committees in the Minnesota Legislature listening to platitudes and anecdotal stories on both sides of the debate. The following are some facts that might be useful.

Minnesota has a high utilization of SMW, but we are not the highest. As of January 2, 2024, there are 54 certificate holders covering 3262 employees. Minnesota is #5 in the number of people using SMW, with Missouri, Pennsylvania, Illinois, and Ohio having more employees under SMW. Even on a per capita basis, Minnesota is #2 behind Missouri.¹

At this time 15 states have eliminated the utilization of Special Minimum Wages under 14(c). The implementation of the Workforce Innovation and Opportunity Act, starting in 2016, has also reduced the utilization of SMW. Section 511 of WIOA requires every person working under SMW to attend counseling every year with Vocation Rehabilitation Services, to chose whether to seek Competitive Integrated Employment (CIE) or continue with center based or community based employment under SMW. In Minnesota, since 2016 **almost 51,000 counseling sessions have been conducted with 86% choosing to stay with SMW**. These counseling sessions are mandatory, and those who choose to not attend these annual counseling sessions lose their SMW employment altogether.² These state and national policies have contributed to the decline of 14(c) participation, although there is good momentum in the remaining states and nationally to protect 14(c).

The Government Accountability Office is currently studying the outcomes of people with ID/D in those states where utilization of 14(c) was eliminated. It released part of its study in

early 2023, and is continuing its study of the Dept of Labor throughout 2024. **“Resource and logistics limitations restrict movement of people into CIE”** according to the GAO study. They went on to say, “employers who provided comments about the transition to competitive employment described challenges such as few resources to assist 14(c) workers with the transition, few opportunities or hours in competitive employment, and difficulties some individuals with more severe disabilities may face in working in competitive employment.”³ In a similar study of Oklahoma, **“participation in sheltered workshops dropped by about two-thirds over this fifteen-year period, there was no corresponding increase in integrated employment—although the number of subjects who were sitting at home almost tripled.”**⁴

The Congressional Budget Office has studied the potential impacts of S.2488, “Raise the Wage Act of 2023” if it is passed. One provision will eliminate 14(c) on a national level. “Taking those factors into account, CBO projects that, on net, the Raise the Wage Act of 2023 would reduce employment by increasing amounts over the 2024–2029 period.” They went on to say, **“the larger mandated wage increases would cause larger increases in joblessness.** The increase in joblessness might also be relatively large because the disabled workers affected by this section are less productive than the adults who are subject only to section 2.”⁵

The state of Maine was an early adopter to eliminating center based employment centers and utilization of 14(c) in 2001. George Washington University conducted a study of the long term impacts of the implementation of this statute. “Many of the individuals who were working in sheltered workshops at the time the policy was implemented **are no longer working, are working fewer hours or doing volunteer work instead of paid work.**”⁶

Washington state was also an early adopter in closing center based employment programs and then eliminated utilization of 14(c) a few years ago. “A 2012 update from Washington state noted that, despite an investment of \$50 million into employment services for the intellectually and developmentally disabled, **only 17% of severely affected adults were able to find jobs.**”⁷

The evidence is clear, eliminating the use of SMW – 14(c) does **not** raise the majority of people with ID/D up to minimum wage and violates the principles of Informed Choice and Person Centered Planning. **Minnesota does not need to make the same mistakes that 15 other states have made in eliminating this vital employment choice. MANY THANKS FOR ADOPTING THE A-1 AMENDMENT TO KEEP 14(C) ALIVE AND WELL IN MINNESOTA!**

¹ Dept of Labor 14c Certificate Holders listing, available via website

<https://www.dol.gov/agencies/whd/workers-with-disabilities/section-14c/certificate-holders>

² Section 511 WIOA requirements, conducted by Vocational Rehab Services in Minnesota. Dept of Economic and Employment Development, <https://mn.gov/deed/job-seekers/disabilities/youth/pre-ets/wioa/>

³ GAO study GAO-23-105116, Jan 25, 2023

⁴ Scott Spreat and James William Conroy, "Longitudinal study of Vocational Engagement," *Journal of Policy and Practice in Intellectual Disabilities* 12, no. 4 (December 2015): 266-271. Experiences of more than 200 adults with various levels of intellectual disability in Oklahoma between 1994 and 2009.

⁵ Congressional Budget Office report, "The Budgetary and Economic Effects of S. 2488, the Raise the Wage Act of 2023"

⁶ George Washington University, *Transitions: A Case Study of the Conversion from Sheltered Workshops to Integrated Employment in Maine*

⁷ Center for Health Care Strategies, "Trends and Challenges in Publicly-Financed Care for Individuals with Intellectual and Developmental Disabilities," Sept 2012